

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1904 - HB 2555

February 25, 2016

SUMMARY OF BILL: Requires employers with one to five employees to comply with E-Verify and work authorization requirements set out in Tenn. Code Ann. § 50-1-703 beginning July 1, 2016.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

Exceeds \$4,000/Recurring/Lawful Employment Enforcement Fund

Increase State Expenditures – \$10,000/One-Time/General Fund

\$279,200/Recurring/General Fund

Assumptions:

- Currently, Tenn. Code Ann. § 50-1-703 requires employers with six or more employees to comply with work authorization requirements. This bill will expand these requirements to all employers.
- The Department of Labor and Workforce Development (DLWD) currently enforces this compliance for employers with six or more employees.
- Based on information provided by DLWD, there are approximately 24 citations issued annually for such violations.
- A fine for a first violation of \$500.
- Expanding the application of these requirements to employers with fewer than six employees is reasonably estimated to add at least eight violations annually.
- A recurring increase in state revenue to the Lawful Employment Enforcement Fund exceeding \$4,000 (\$500 fine x 8 violations).
- No additional second or subsequent violations.
- Applying the E-Verify laws to all employers by making such laws applicable to employers with fewer than six employees will require additional resources for the DLWD. The DLWD will require one additional Labor Standards Inspector I (LSI I) in each grand division of the state (a total of three additional LSI I positions); one additional Administrative Assistant I position; and one Attorney 3 provision. The DLWD will require an additional appropriation from the General Fund in order to fund these positions.

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- An average salary for an LSI I position is estimated to be \$29,832; with benefits estimated to be \$15,512; and travel and miscellaneous expenditures estimated to be \$7,600.
- A recurring increase in state expenditures of \$158,832 [(\$29,832 + \$15,512 + \$7,600) x 3 positions].
- One additional Administrative Assistant I will be required resulting in a recurring increase in state expenditures of \$42,174 (\$27,072 salary + \$14,682 benefits + \$420 supplies)
- One additional Attorney 3 position will be required resulting in a recurring increase in state expenditures of \$78,150 (\$53,964 salary + \$22,766 benefits + \$1,420 training and supplies).
- One-time state expenditures will be required for computers, software, and supplies for five positions. The total one-time increase in state expenditures from the General Fund is estimated to be \$10,000.
- The total recurring increase in state expenditures from the General Fund is estimated to be \$279,156 (\$158,832 + \$42,174 + \$78,150).

IMPACT TO COMMERCE:

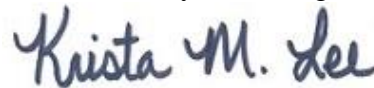
Increase Business Expenditures – Exceeds \$4,000

Assumptions:

- E-verify is free of charge for employers to use.
- An increase in recurring business expenditures exceeding \$4,000 for fines.
- Any impact on the overall number of jobs in Tennessee will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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